



PANHANDLE

BENEWAH, BONNER, BOUNDARY, KOOTENAI, & SHOSHONE COUNTIES

EMPLOYMENT TRENDS

Employment statistics for November 2001 compared to the month before and the year before are shown on FYI Table 4 (page 42). The U.S. recession continued to take a toll on the region's mining, construction, and manufacturing sectors in November, as described in recent newsletters.

Instead of focusing on November, this newsletter will review 2001. Because statistics for the entire year are not available yet, this review makes educated guesses about the net result of economic developments in 2001. Estimates of *Nonfarm Payroll Jobs* in each Panhandle county are shown in Panhandle Table 2 (pages 6 and 8). It's important to remember we are looking at the average monthly statistics for the entire year. So the sharp drop in employment after September 11 only affects one quarter of the year.

Another important thing to remember is that 2000 was a hard year for many of the Panhandle's timber communities. Starting in May 2000, low lumber prices forced many mills to cut employment. Some cut work hours or reduced shifts, but most responded by intermittently shutting down. The crisis in the lumber industry ended by October 2000, and most mills kept employment steady through early September 2001. After September 11, a sharp drop in lumber prices pushed the Panhandle's *Lumber & Wood Products* industry into another period of reduced employment and intermittent shutdowns.

AREA DEVELOPMENTS IN 2001

Benewah County

In 2001, Benewah County's economy continued to perform sluggishly as it has every year since 1997. The county (with a population of 9,200 and a labor force of 4,400) added fewer than 50 jobs between 2000 and 2001. (See Panhandle Table 2 on page 6.) Job losses in the retail and construction sectors offset gains in other sectors. As has been the case in recent

Panhandle Table 1: Labor Force & Employment

Benewah, Bonner, Boundary, Kootenai, & Shoshone Counties	Projected 2001	2000	% Change From Last Year
INDIVIDUALS BY PLACE OF RESIDENCE			
Civilian Labor Force	91,136	88,570	2.9%
Unemployed	7,563	7,365	2.7%
% of Labor Force Unemployed	8.3%	8.3%	
Total Employment	83,573	81,205	2.9%
JOBS BY PLACE OF WORK			
Nonfarm Payroll Jobs**	67,050	66,382	1.0%
Goods-Producing Industries	13,950	14,586	-4.4%
Mining & Construction	5,340	5,761	-7.3%
Manufacturing	8,610	8,826	-2.4%
Lumber & Wood Products	4,080	4,268	-4.4%
All Other Manufacturing	4,530	4,558	-0.6%
Service-Producing Industries	53,100	51,796	2.5%
Transportation, Comm. & Utilities	2,550	2,579	-1.1%
Wholesale Trade	2,140	2,282	-6.2%
Retail Trade	15,070	15,082	-0.1%
Finance, Insurance & Real Estate	2,640	2,413	9.4%
Services	17,460	16,520	5.7%
Government Administration	7,820	7,724	1.2%
Government Education	5,420	5,196	4.3%

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

years, the western portion of the county, which is in the Coeur d'Alene Indian Reservation, enjoyed job growth while the eastern part, containing St. Maries and Fernwood, experienced job erosion.

Lumber & Wood Products continues to dominate Benewah County's economy. In 2001, approximately 830—24 percent—of the 3,460 payroll jobs in Benewah County were directly in *Lumber & Wood Products*. The county only has four manufacturing operations not classified as *Lumber & Wood Products*. The largest of these operations, Peet's Shoe Dryer in St. Maries, employs 27 people. Benewah County generates little money from tourism. Its motels, restaurants, and amusement centers employ about 170 people, and its lodging revenues totaled \$271,223 in the first 11 months of 2001. The county's only mining operation, Emerald Creek Garnet near Fernwood, tends to keep its employment steady at 50 jobs. Mountain States Glass, a telemarketing center that employs more than 50 people in St. Maries, is the county's only call center. Given the small size of its non-lumber manufacturing, tourism, mining, and call center sectors, Benewah County's economic success still depends heavily on *Lumber & Wood Products*. The wood products industry fared well in the first part of the year, but has suffered job losses since September 11.

Panhandle Table 2: Labor Force & Employment by County

Benewah County Nonfarm Payroll Jobs		Estimated	Percent Change
<i>Average Monthly Employment</i>	2000	2001	2000-2001
Total	3,412	3,460	1.4
Goods-Producing Industries	1,032	1,040	0.8
Mining & Construction	170	140	-17.6
Manufacturing	862	900	4.4
Lumber & Wood Products	805	830	3.1
All Other Manufacturing	56	70	25.0
Service-Producing Industries	2,381	2,420	1.6
Transportation, Comm. & Utilities	268	280	4.5
Wholesale Trade	56	60	7.1
Retail Trade	468	440	-6.0
Finance, Insurance & Real Estate	60	60	0.0
Services	767	790	3.0
Government Administration	482	500	3.7
Government Education	280	290	3.6

Bonner County Nonfarm Payroll Jobs		Estimated	Percent Change
<i>Average Monthly Employment</i>	2000	2001	2000-2001
Total	11,856	12,070	1.8
Goods-Producing Industries	2,696	2,870	6.5
Mining & Construction	890	940	5.6
Manufacturing	1,806	1,930	6.9
Lumber & Wood Products	961	1,060	10.3
All Other Manufacturing	845	870	3.0
Service-Producing Industries	9,159	9,200	0.4
Transportation, Comm. & Utilities	470	460	-2.1
Wholesale Trade	321	320	-0.3
Retail Trade	3,185	3,160	-0.8
Finance, Insurance & Real Estate	421	450	6.9
Services	2,505	2,580	3.0
Government Administration	1,393	1,380	-0.9
Government Education	865	850	-1.7

Boundary County Nonfarm Payroll Jobs		Estimated	Percent Change
<i>Average Monthly Employment</i>	2000	2001	2000-2001
Total	3,433	3,200	-6.8
Goods-Producing Industries	845	730	-13.6
Mining & Construction	227	150	-33.9
Manufacturing	619	580	-6.3
Lumber & Wood Products	569	530	-6.9
All Other Manufacturing	50	50	0.0
Service-Producing Industries	2,588	2,470	-4.6
Transportation, Comm. & Utilities	166	150	-9.6
Wholesale Trade	90	80	-11.1
Retail Trade	484	440	-9.1
Finance, Insurance & Real Estate	61	50	-18.0
Services	928	910	-1.9
Government Administration	566	550	-2.8
Government Education	293	290	-1.0

The Coeur d'Alene Tribe's industrial park in Plummer was the source of the most new jobs this year. About 50 jobs were added by this summer's opening of Plummer Forest Products, a small-dimension lumber mill. This fall, Governor Kempthorne's Rural Idaho Initiative granted \$500,000 for expansion of the Pacific Northwest Fiberboard (PNF) strawboard plant. When construction is completed later this year, PNF will double employment to 56 jobs.

Although its tourism potential is largely untapped, Benewah County benefits from the Coeur d'Alene Tribe's casino just over the county border in Worley. Following the opening of its 94-room motel in December 2000, the Coeur d'Alene Tribal Casino now employs more than 500 people. Last spring, work began on an 18-hole golf course, slated to open in 2002, and indoor and outdoor event arenas. The tribe is investigating the possibilities of adding 72 rooms to the hotel, a tourist train, a theme park, and a large RV park.

The tribe continues to pursue many other avenues for economic development while the St. Maries area is benefiting from the renewed vigor of its economic development organization, Timber Plus.

Bonner County

The first nine months of 2001 were mostly good to Bonner County, whose population approaches 38,000 and whose labor force exceeds 17,700. (See Panhandle Table 2.) A rash of temporary shutdowns of lumber mills in the summer and fall of 2000 had raised Bonner County's unemployment rate to 9.0 percent in 2000. From November 2000 to September 2001, the county's lumber industry stabilized, allowing the county's unemployment rate to ease downward. It averaged 8.0 percent in 2001. In October, the lumber industry began experiencing another round of periodic shutdowns, and other sectors began cutting jobs.

Bonner County's manufacturing sector has become more diversified over time. In 2001, about 1,060 people worked in the *Lumber & Wood Products* industry, while another 870 people worked in a variety of other manufacturing operations. Because most of the county's lumber mills experienced brief shutdowns in 2000, *Lumber & Wood Products* employment fell from 1,057 jobs in 1999 to 961 jobs in 2000. With greater stability in the first nine months of 2001, *Lumber & Wood Products* employment returned to its 1999 level. In late 2001, a few of the county's mills temporarily shut down or reduced work hours. The rest of the county's manufacturing sector has barely been shaken by the U.S. recession, unlike the manufacturing sectors of neighboring counties.

Bonner County looks forward to the eventual expansion of two of its largest manufacturers. Litehouse Dressing, the Sandpoint maker of salad dressings, has future plans to build a new plant and add more than 50

jobs. Electronics manufacturer Encoder Products plans to add 150 new jobs in the Sandpoint area during the next two years.

Tourism plays an increasingly important role in Bonner County. During the ski season, lodging, restaurants, and recreational facilities employ about 1,720 people. Their employment falls to about 1,450 by May, and then rises to a peak of 1,820 in August. Then it falls to 1,450 again by October. Bonner County's lodging industry enjoyed slightly higher revenues during the first quarter of 2001 than during the first quarter of 2000 but by summer, slightly fewer tourists were visiting than the previous summer. Unlike neighboring Kootenai County, Bonner County did not see a significant drop in tourists after September 11. The net result was that lodging sales approached \$10 million in the first 11 months of 2001, up 2.4 percent from the same period the year before.

Despite a slowdown in construction, several projects were completed or broke ground in 2001. The Stoneridge development near Blanchard is improving its golf course and plans to develop hundreds of residential lots over the next 10 years. Harbor Resorts, owner of Schweitzer Mountain Resort near Sandpoint, currently is developing White Pine Lodge, a \$15 million development of 48 condominiums, fitness center, sauna, and retail space. An \$8.5 million inn with a small conference center will open at Swan's Landing near Sandpoint next July. Hidden Lakes Golf Resort, eight miles east of Sandpoint, completed its new clubhouse last spring and continues to develop residential lots around the course. Reel Entertainment soon will open a 12,000-square-foot, six-screen movie complex at the Bonner Mall in Ponderay. The Sandpoint area Wal-Mart became a supercenter in 2001 when it added a 57,000-square-foot full-service grocery store.

The U.S. recession forced Coldwater Creek, the Sandpoint-based catalog company, to reduce employment during 2001. More than 500 people work for Coldwater Creek in the Sandpoint area.

In late 2000, Bonner County leaders renewed their commitment to economic development by forming the Bonner Economic Development Corporation to recruit new businesses to the county and assist existing businesses to grow. Priest River Development Corporation continues to pursue opportunities for the western portion of the county.

Boundary County

For some of Boundary County's 10,000 residents, 2001 was a rocky year because many of the county's 4,600 labor force participants endured job losses or reductions in work hours. (See Panhandle Table 2 on page 6.)

The county's largest employer, CEDU Family of Services, employs 350 people near Bonners Ferry at its edu-

cational and counseling programs for teens, including Rocky Mountain Academy. CEDU's employment in Boundary County remained about the same between 2000 and 2001.

Louisiana-Pacific now owns the county's two largest mills. For years, it has owned the mill in Moyie Springs, which employs more than 150 people. In 2001, it purchased the Crown Pacific sawmill in Bonners Ferry. The sawmill, which was built two years ago, employs about 100 people. The third largest mill, employing more than 80 people, is the Welco Mill in Naples. Altogether, the *Lumber & Wood Products* industry employs about 530 people in Boundary County. Between 2000 and 2001, mills and logging lost about 40 jobs.

Agricultural operations—especially the Elk Mountain hops farm owned by Anheuser-Busch, ornamental tree nurseries including Clifty View, and Christmas tree farms—employ up to 550 people in the busiest months and about 150 people even in the slowest months. Agricultural employment has stayed about the same during the last few years.

The Kootenai River Inn and Casino, owned by the Kootenai Tribe, is the centerpiece of Boundary County's tourism sector. Approximately 170 of the 190 jobs in the county's lodging industry are at the Kootenai River Inn and Casino. In addition, the county has about 140 jobs in restaurants and recreational facilities. According to the Idaho Tax Commission's Travel and Convention Tax Report, lodging revenues in Boundary County totaled \$2.2 million in the first 11 months of 2001—only 0.7 percent above their level in the same period of 2000. Tourism in the first eight months of 2001 was about the same level as in the same period the year before. The terrorist attacks on September 11 caused a sharp decrease in lodging revenues in September but October and November lodging revenues surged ahead of their levels year-over-year.

The Kootenai Tribe and the city of Bonners Ferry are working together to create an economic development plan that will foster the growth of existing businesses and allow the community to recruit new businesses. Plans include revitalizing downtown Bonners Ferry with landscaping and ornamental street lamps, creating a greenbelt for walking and biking along the Kootenai River, and developing the industrial park near the airport. This fall, Governor Kempthorne's Rural Initiative provided funds for an economic development director for the county for the next three years.

Kootenai County

Kootenai County—the region's largest county with a population of 112,000—added about 1,030 jobs between 2000 and 2001. (See Panhandle Table 2 (cont.) on page 8.) Over half of those jobs came from the opening of Center Partners, a call center in Coeur d'Alene. While

Panhandle Table 2 (cont.): Labor Force & Employment by County

Kootenai County Nonfarm Payroll Jobs <i>Average Monthly Employment</i>	2000	Estimated 2001	Percent Change 2000-2001
Total	42,972	44,000	2.4
Goods-Producing Industries	8,686	8,280	-4.7
Mining & Construction	3,437	3,380	-1.7
Manufacturing	5,249	4,900	-6.6
Lumber & Wood Products	1,824	1,550	-15.0
All Other Manufacturing	3,426	3,350	-2.2
Service-Producing Industries	34,286	35,720	4.2
Transportation, Comm. & Utilities	1,570	1,560	-0.6
Wholesale Trade	1,739	1,620	-6.8
Retail Trade	9,928	10,050	1.2
Finance, Insurance & Real Estate	1,781	2,000	12.3
Services	11,417	12,230	7.1
Government Administration	4,525	4,680	3.4
Government Education	3,326	3,580	7.6

Shoshone County Nonfarm Payroll Jobs <i>Average Monthly Employment</i>	2000	Estimated 2001	Percent Change 2000-2001
Total	4,710	4,320	-8.3
Goods-Producing Industries	1,327	1,030	-22.4
Mining & Construction	1,037	730	-29.6
Manufacturing	290	300	3.4
Lumber & Wood Products	110	110	0.0
All Other Manufacturing	180	190	5.6
Service-Producing Industries	3,382	3,290	-2.7
Transportation, Comm. & Utilities	104	100	-3.8
Wholesale Trade	76	60	-21.1
Retail Trade	1,017	980	-3.6
Finance, Insurance & Real Estate	90	80	-11.1
Services	905	950	5.0
Government Administration	757	710	-6.2
Government Education	433	410	-5.3

the addition of 1,030 jobs may sound good, it's important to remember that 1,700 residents joined the labor force in the same period. In addition, many Kootenai County residents who worked in Spokane County (Washington) lost their jobs when manufacturers, call centers, and other Spokane employers cut jobs this year. (Of the approximately 57,400 Kootenai County residents in the labor force, about 14 percent work in Spokane County.) As a result of job losses in Kootenai and Spo-

kane Counties, the unemployment rate for Kootenai County residents rose to 8.8 percent by December.

For 18 months, the U.S. manufacturing sector has been taking a beating, and Kootenai County's manufacturing sector is bruised. Between 2000 and 2001, Kootenai County's manufacturing sector fell 6.6 percent from 5,249 to 4,900 jobs. Logging, lumber mills, and other wood products lost about 270 jobs. Crown Pacific Partners closed its Coeur d'Alene mill this fall, putting 90 people out of work. Before layoffs began in the summer of 2000, more than 160 people worked there. A wide variety of manufacturing industries—including electronics, plastics, machine shops, furniture, and publishing—lost jobs during the last year.

Tourism turned in a lackluster performance in 2001. Lodging revenues were 2.4 percent lower this summer than in the summer of 2000. Despite the slowdown, Silverwood Theme Park near Athol hosted 360,000 visitors, setting a new attendance record. After the September 11 terrorist attacks, stalled air traffic prevented some conventions and fear of travel caused some cancellations of reservations. Lodging revenues this fall (September through November) were 15.9 percent lower than the previous fall. The U.S. recession also reduced business travel, leading to fewer bookings for the coming year. As a consequence, hotels were forced to reduce jobs—including permanent year-round jobs.

Low mortgage rates spurred residential construction in 2001 while commercial projects surged. Projects included the Riverstone development, the turbine plant in Rathdrum, additions to Kootenai Medical Center, the University of Idaho Research Park in Post Falls, the Burlington-Northern locomotive refueling depot near Rathdrum, and the renovation of downtown Rathdrum. The value of construction permits granted in Kootenai County, according to Wells Fargo's *Idaho Construction Report*, grew 16.3 percent from \$142.2 million in the first nine months of 2000 to \$165.4 million in the first nine months of 2001.

Call centers doubled their employment in Kootenai County to more than 2,000 by the end of 2001. Center Partners, which opened a call center in Coeur d'Alene in March, employed more than 1,000 people by the end of the year. Center Partners plans to add another 300 jobs in the next few months at a new building at Riverbend Commerce Park in Post Falls.

Kootenai County's success in recruiting new businesses is the envy of many other communities. Much of that success is owed to Jobs Plus, the county's economic development organization. In 2001, it helped bring Center Partners and several smaller businesses to Kootenai County. Jobs Plus is not resting on its laurels, and continues to court businesses that can bring more jobs to the county.

Shoshone County

In 2001, Shoshone County endured the fourth period of major mine closures in 20 years. The county's largest mine, the Sunshine, closed in February. Before its first layoff in June 2000, the Sunshine employed more than 260 people. In November 2001, low silver prices forced the Lucky Friday Mine to lay off 140 of its 185 workers. Now, only one major mine, the Galena, remains completely operational with a crew of 220. Following the Lucky Friday layoff, mining employment fell below 360, its lowest level in more than 110 years. (The county's mining and smelter employment peaked in 1981 at 4,100 jobs.)

Of the 6,800 Shoshone County residents who participate in the labor force, about 800—11.9 percent—were unemployed and actively seeking work in an average month of 2001. (See Panhandle Table 2 (cont.) on page 8.) The unemployment rate is expected to soar during the next couple of months as the full effects of the Lucky Friday Mine layoff are felt.

The Silver Valley is struggling with the ramifications of the mine layoffs. Some families are choosing to move out of the valley. Dozens of former Shoshone County miners now work at the Stillwater mine near Nye, Montana. The county's population most likely has fallen below the 2000 level of 13,700. A declining population and lower tax revenues made school districts and local governments cut jobs during the last year. Construction activity has declined throughout the last three years.

The county's tourism sector expects to grow over the next few years. Silver Mountain Ski Resort in Kellogg recently enjoyed a major facelift and plans to expand its ski terrain and to break ground this summer on two high-speed quad chairlifts. Silver Mountain's long-term plans include adding an 18-hole golf course and up to

950 condo units. The Route of the Hiawatha, a 46-mile non-motorized trail along an old railroad bed through the Silver Valley, opened in late 2000 and has received favorable attention.

The downturn in the county's economic fortunes caused *Retail Trade* to cut about 30 jobs. Dave Smith Motors, an auto dealership in Kellogg, employs more than 200 people and ties with the Galena Mine for the honor of being the county's largest private employer.

The Silver Valley Economic Development Corporation (SVEDC) is developing a 78-acre light industrial park next to Interstate 90 in Smelterville. The park's first tenant, Tele-Servicing Innovations (TSI), moved in this fall. Last winter, TSI announced its intention to open a call center there. While it was waiting for the building to be completed, TSI hired 40 Silver Valley residents to work in temporary quarters in Coeur d'Alene, and bused them from the Silver Valley to Coeur d'Alene. An economic development grant recently provided \$115,000 for an expansion at the business park that will allow TSI to double its work force to 90.

In the face of misfortune, Silver Valley residents are increasing their economic development efforts. They are pursuing the possibility of opening a zinc refinery. In addition to creating 300 jobs, the refinery could lead to the expansion or reopening of mines. The new director of the SVEDC is working to find more tenants for the industrial park and to recruit new businesses.

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